

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer



MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi [signature]
Chief Financial Officer

DATE: September 22, 2004

SUBJECT: Fiscal Impact Statement: "Minimum Wage Amendment Act of 2004"

REFERENCE: Bill Number 15-888 from the September 9, 2004 Draft Committee Print

Conclusion

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the provisions of the proposed legislation. No additional staff or resources will be required. Although the bill may have both positive and negative implications for revenue collections, the magnitudes should be small with, on net, no material impact on the budget and financial plan.

Background

The proposed legislation increases the minimum wage requirement in the District of Columbia from \$6.15 per hour to \$7.00 per hour in two steps. On January 1, 2005 the wage will be increased from \$6.15 to \$6.60 per hour, and on January 1, 2006 the wage will be increased from \$6.60 to \$7.00 per hour. The minimum wage in the District was last adjusted in 1997.

Financial Plan Impact

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan because no additional resources will be required to implement the proposed legislation. On the positive side, an increase in the hourly earnings of minimum wage employees could increase revenue by \$200,000 upon full implementation of the bill. There is also the possibility that an increase in the minimum wage could dissuade some employers from new hiring or cause them to reduce the size of their minimum wage staffing.